

Joint Pensions and Insurance 1

Amendment No. 1 to HB2856

**Lynn
Signature of Sponsor**

AMEND Senate Bill No. 2753

House Bill No. 2856*

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 25, Part 1, is amended by adding the following as a new section:

(a) As used in this section:

(A) "Bona fide volunteer" has the same meaning as provided in the Internal Revenue Code;

(B) "Eligible employer" has the same meaning as provided in the Internal Revenue Code; and

(C) "Internal Revenue Code" means § 457 of the Internal Revenue Code as amended, and all applicable rules, regulations, notices, and interpretations released by the United States treasury, including the internal revenue service.

(b) The state treasurer is authorized to review the feasibility of establishing a length of service award program pursuant to the Internal Revenue Code. Based on the results of this feasibility study, the state treasurer may establish a length of service award program.

(c) The commissioner of finance and administration; the chair of the finance, ways and means committee of the senate; the chair of the finance, ways and means committee of the house of representatives; and the state treasurer shall serve as trustees for the length of service award program that may be established pursuant to this section.

Joint Pensions and Insurance 1

Amendment No. 1 to HB2856

Lynn
Signature of Sponsor

AMEND Senate Bill No. 2753

House Bill No. 2856*

(d) If the state treasurer establishes a length of service award program, the state treasurer shall develop a plan that includes provisions for the implementation, administration, operation, marketing, investment options, customer service, and investment management services for the program, which must be approved by the remaining trustees. The state treasurer may modify the terms of the plan with the concurrence of the commissioner of finance and administration.

(e) The state treasurer has all powers and authorities necessary and convenient to carry out the purposes and provisions of this section, the purposes and objectives of the program, and the trustees' plan and the powers delegated by any other state law or rule, or the Internal Revenue Code, including, but not limited to, the following express powers:

- (1) Select and provide for investment options or investment products;
- (2) Purchase insurance from insurers licensed to do business in this state providing for coverage against any loss in connection with the program's property, assets, or activities;
- (3) Make, execute, and deliver contracts, conveyances, and other instruments necessary and proper for the implementation of the program;
- (4) Contract for the provision of all or any part of the services necessary or convenient for the administration, implementation, operation, or management of the length of service award program;

(5) Contract with record keepers, financial consultants, actuaries, auditors, investment managers, and other consultants and professionals as necessary to carry out the duties and responsibilities under this section and the plan established by the trustees. These services may be procured in a manner prescribed by the trustees without regard to the requirements of § 12-3-303, if the trustees determine that the services are necessary or desirable for the efficient administration of this section. All expenses and fees incidental to the procurement of services shall be charged to and paid from participant accounts;

(6) Administer or operate the program at the direction of the trustees' plan;

(7) Promote, advertise, market, and publicize the program;

(8) Impose and collect application fees and other administrative fees and charges in connection with any transaction under this section;

(9) Promulgate reasonable rules as are necessary to carry out the purpose and intent of this section, and to ensure that the program is in compliance with the Internal Revenue Code and other applicable provisions of federal or state laws or rules. All such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5;

(10) Enter into participation agreements with any entity permitted by the code for participation in the length of service award program;

(11) Operate and provide for the operation of the program in a manner that qualifies the program under the Internal Revenue Code and take any and all necessary action to maintain such qualification;

(12) Seek rulings from the secretary of the United States department of treasury and the internal revenue service relating to the program; and

(13) Make changes to the program that are required to maintain compliance with applicable federal and state laws and rules.

(f) An entity constituting an eligible employer, as defined in the Internal Revenue Code, may elect to participate in the length of service award program as prescribed by the trustees to provide benefits to individuals providing firefighting prevention services, emergency medical services and ambulance services as bona fide volunteers. An eligible employer may withdraw from participation in the program pursuant to the program's plan document.

(g) The state treasurer shall carry out the day-to-day administration, operations, and responsibilities of the length of service award program. The state treasurer shall exercise such powers, duties, and responsibilities contained in this section to implement the purpose of this section; may assign duties and responsibilities to the state treasurer's staff or private vendors and contractors, as the state treasurer deems necessary and proper; and may consult with professionals as necessary about the administration of the program. The state treasurer may also establish policies, guidelines, and operating procedures in accordance with this section.

(h) If the trustees determine that the program is financially infeasible or is not beneficial to bona fide volunteers, eligible employers, citizens of the state, or the state itself, the trustees may suspend or terminate the program immediately.

(i) It is the legislative intent that the state shall realize no increased cost as a result of an eligible employer's participation in the length of service award program. All costs associated with such participation, including administrative costs, shall be the responsibility of the participating eligible employers. Administrative costs may be imposed by the state even if a participating eligible employer is later found to not constitute an eligible employer under the Internal Revenue Code.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.